Economy in Government expenditure

1629. SHRI RAJEEV CHANDRASEKHAR : Will the PRIME MINISTER be pleased to state :

(a) whether in view of Government's resolve to effect economy in Government expenditure, any new guidelines/directions on the subject have recently been issued;

(b) if so, the details thereof; and

(c) if not, by when these are likely to be issued?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Yes, Sir. Guidelines related to expenditure management were issued *vide* Office Memorandum No. 7(1)/E.Coord/2008 dated 5th June, 2008.

These guidelines include cuts in non-plan expenditure (excluding interest payment, repayment of debt, Defence capital, salaries, pension and Finance Commission grants to the States) and other economy measures related to travel, seminars and conferences, vehicles etc.

Certain other guidelines related to travel of Government employees have also been issued.

Review of monetary policy

1630. SHRI V. HANUMANTHA RAO:
SHRIMATI SUPRIYA SULE:
Will the PRIME MINISTER be pleased to state:

(a) whether a review of the monetary policy and its impact on the banking industry along with inflation was discussed in the meeting between the Finance Minister and public sector Chief Executive Officers on 1st May;

(b) whether the Finance Minister has been emphasizing the need to reduce interest rates;

(c) whether the Reserve Bank of India on the other hand is set to implement strict monetary measures to rein in inflation;

(d) if so, what was the outcome of the discussion held;

(e) what were the decisions taken; and

(f) to what extent steps have been taken to check the inflation in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) In the meeting with the then Finance Minister with the Chief Executive Officers(CEOs) of Public Sector Banks (PSBs), held on 1st May, 2008, a large number of issues were discussed which included credit flow to different sectors, impact of monetary policy changes, performance of PSBs, growth of deposits, advances, liquidity and interest rates. The banks were of the view that interest rates were unlikely to rise.

(c) The Reserve Bank of India (RBI) is committed to maintaining financial stability through active and flexible liquidity management. The broad stance of the monetary policy during 2008-09 so

far has been to respond swiftly to external developments impinging on domestic financial stability while at the same time emphasising credit quality and credit delivery particularly in employment intensive sectors while pursuing financial inclusion.

(d) and (e) Based on decisions taken in meeting, referred to in part (a) of the Question, steps have been taken to ensure that genuine credit needs of the economy are met including those of specific sectors.

(f) During the period when inflation was in double digits, the RBI took several monetary measures which included increase in Cash Reserve Ratio (CFRI) and Repo Rate.

Bungling of funds of DIC-GC

†1631. SHRI RUDRA NARAYAN PANY: Will the PRIME MINISTER be pleased to state:

(a) whether bungling of huge amount of money is taking place in the amount being provided by "Deposit Insurance Credit Guarantee Corporation (DIC-GC) to different banks;

(b) if so, the details thereof;

(c) whether he is aware that bungling in the funds provided by DIC-GC to the then Dhenkanal Rural Bank now Neelanchal Rural Bank, Dhenkanal Branch in Orissa had taken place in the year 1997-98; and

(d) if so, whether Central Bureau of Investigation (CBI) inquiry will be conducted in this case?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Deposit Insurance and Credit Guarantee Corporation (DICGC) has reported that as per records available, there has been no instance of misappropriation of funds out of claims settled by DICGC towards deposit insurance/credit guarantee.

(c) DICGC has reported that as per records available with them, the erstwhile Dhenkanal Gramaya Bank had opted out of Credit Guarantee Scheme in 1995-96 and there is nothing to indicate misappropriation of claims released to the bank under Credit Guarantee Scheme relating to the period prior to 1995-96.

(d) Does not arise.

Economic disparities

1632. SHRI JAI PRAKASH NARAYAN SINGH: Will the PRIME MINISTER be pleased to state:

(a) the quantum of money spent during the last three years as subsidies in food, fertilizer and petroleum to bridge economic disparities;

(b) whether Government has conducted any study to find out whether the subsidies are actually reaching the poor people;

(c) if so, the details thereof and the action taken thereon; and

(d) the steps taken to create jobs in tribal and rural areas to bridge inter-regional imbalances and economic disparities?

†Original notice of the question was received in Hindi